

BRIEF SUMMARY
OF
OBSERVATIONS OF ASSET MANAGEMENT
AND
RECOMMENDATIONS FOR ASSET MANAGEMENT & CAPITAL FINANCING

October 11, 2011– ARC Presentation:

✓Areas for improvement

- Fragmented ownership, responsibilities, and procedures for managing facilities (Example: South Capitol Campus)
- No unified inventory (making some progress)
- No consistent assessment of facilities (except for public schools)
- No unified process for strategic capital planning and budgeting
- No consistent processes for disposition of assets
 - Many statutes, rules affecting many agencies
 - Lack of cost-benefit analysis (Example: Fort Bayard)
- No linking of strategic planning and capital planning
- No reliable source of funding
- Large backlog of capital needs

Recommendations:

✓Adopt a strategic asset management model

- Complete inventory / database of state facilities and sites – **CBPC ADOPTED**
- Conduct comprehensive and consistent assessment of state facilities – **CBPC ADOPTED**

(The CBPC tabled any action on the following recommendations pending staff presenting proposals for financing the recommendations.):

- Prepare departmental / agency master plans linked to strategic plans
- Centralize ownership and management of state facilities
 - consider facilities Commission or Board with technical, specialized staff with authority and budget to implement program
 - Centralize responsibilities for acquisition, use, maintenance, disposal
 - Adopt prioritization criteria
- Prepare statewide plan that encompasses owned and leased facilities
- Identify a dedicated source of revenue for capital facilities renewal

✓Next Steps proposed:

- Identify and recommend a dedicated and reliable funding source for capital facilities renewal for state funded facilities
- Develop legislation to centralize management of state facilities
 - Potentially begin with a pilot program

- Focus on executive branch facilities
- Consolidate executive branch technical and specialized staff
- Provide seed money to begin implementation
 - Comprehensive inventory and condition assessment
 - Refine specific responsibilities and planning processes
 - Prepare prototype agency master plan

November 8, 2011– ARC and Dr. Pollard Presentations:

Estimated Costs of October Recommendations:

#1 – Implementation costs for asset management/condition.

- Condition Assessment: Total \$2.3 million for Year 1 (\$1.8) and Year 2 (\$.5) million. Ongoing or operational costs in future years to maintain assessments.
- Agency Master Plan Assistance and Pilot Master Plan: Total \$1.4 million for Years 1 and 2 (\$1.0) and for Year 3 (\$.4). Ongoing or operational costs in future years for updates.
- Preliminary estimates of capital facilities renewal: \$40 million/year starting in Year 2.
- Preliminary estimates for State Management of process, updates and implementation: \$2 million annually starting in Year 2.

Additionally, it was presented that in Fiscal Years 2006 through 2011, nearly \$5 billion in capital project financing (including bonds, which weren't all approved) was authorized for state and local projects, public schools, higher education, transportation, and others, but questions remain as to how best to allocate capital financing to improve upon facility renewal.

#2 – Complete inventory / database of state facilities and sites

- To be continued by master planning services and collaboration with state agencies. For Year 1, request re-authorization of funding for master planning. Balances estimated at \$400,000.